GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3073
ANSWERED ON:22.03.2002
EXTERNAL COMMERCIAL BORROWINGS
SURESH KODIKUNNIL

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware of stringent norms of external commercial borrowing and high cost of finance;

(b) if so, whether any steps have been taken by the Government to rectify the situation;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a)to (d) : The cornerstone of ECB policy is to provideflexibility in borrowings by Indian corporates, while maintaining prudent limits for total external borrowings. The ECB guidelines provide, inter-alia, refinancing of outstanding loans by raising fresh loans at lower costs, prepayment facility and liability management for hedging the interest and/or exchange rate risk. The ECB guidelinesand procedures are periodically reviewed in the light of prudent debt management of external debt, changing market conditions, sectoral requirements etc.